

Message Text

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ACTION AF-10

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FM AMEMBASSY LAGOS
TO SECSTATE WASHDC IMMEDIATE 8590

C O N F I D E N T I A L LAGOS 6482

E.O. 11652: GDS
TAGS: ECIN, PERP, NI, MARR, PORG
SUBJECT: FOLLOW-UP ON PRESIDENT'S VISIT-NORTH-SOUTH ISSUES AT NATO
SUMMIT: NIGERIAN VIEWS

REF: STATE 128242

1. EMBASSY HAS OBTAINED FMG VIEWS ON NORTH-SOUTH ISSUES FROM
MINISTRY OF EXTERNAL AFFAIRS ECONOMIC DEPARTMENT OFFICIALS WHO
HAVE REGULARLY PREPARED DRAFTS ON SUBJECT FOR HEAD OF STATE
OBASANJO. POINTS SUMMARIZED BELOW ACCURATELY REPRESENT OBASAN-
JO'S CURRENT VIEWS.

2. IN CONFERRING WITH MEA OFFICIALS, PARTICULARLY ECON DEPARTMENT
DEPUTY DIRECTOR OLUFEMI ANI (THE MINISTRY'S AND GOVERNMENT'S
"NORTH-SOUTH EXPERT") EMBASSY ECON COUNSELOR EMPHASIZED THAT
THE VIEWS WERE ELICITED IN KEEPING WITH PRESIDENT CARTER'S CON-
VERSATION WITH OBASANJO AND WERE TO BE USED IN DISCUSSION AT NATO
SUMMIT. MOREOVER, AS FOLLOW-UP TO PRESIDENT'S PROMISE WE WOULD
INFORM FMG OF RESULTS NORTH-SOUTH ISSUES DISCUSSED AT NATO. MEA
OFFICIALS EXPRESSED APPRECIATION FOR OUR APPROACH AND WILL RELAY
REPORT OF OUR ACTIVITY TO HEAD OF STATE.

3. FMG POSITION ACCORDING TO SUBJECT:
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A. COMMON FUND- DIRECT GOVERNMENT CONTRIBUTIONS SHOULD BE THE
MAJOR SOURCE OF FINANCING. IN ADDITION TO FINANCING BUFFER STOCKS
THE FUND SHOULD ALSO BE USED TO SUPPORT "OTHER MEASURES", IN PAR-
TICULAR STRENGTHENING RESEARCH AND DEVELOPMENT CAPABILITIES.
DEVELOPING COUNTRIES SHOULD HAVE A LARGER SHARE OF MANAGEMENT OF
FUND, CONTROL NOT BEING RIGIDLY APPORTIONED ACCORDING TO SIZE OF
FINANCIAL CONTRIBUTION.

B. DEVELOPMENT ASSISTANCE-OFFICIAL DEVELOPMENT ASSISTANCE (ODA) SHOULD BE INCREASED. THE .7 PERCENT OF GNP GUIDELINE FOR AN INDUSTRIALIZED COUNTRY'S ASSISTANCE IS NOT BEING HONORED. AN EFFORT SHOULD BE MADE TO ENCOURAGE FULFILLMENT OF THIS FORMULA. A DECADE OF INFRASTRUCTURAL DEVELOPMENT SHOULD BE IMPLEMENTED WITH CONCENTRATION ON STRENGTHENING ALL SECTORS, NOT JUST TRANSPORT AND COMMUNICATIONS. ACCENT SHOULD BE ON FINANCING AND TRAINING, SPECIFICALLY INSTRUCTING PEOPLE AND ORGANIZATIONS HOW TO HELP THEMSELVES. OF PRIME IMPORTANCE IS FOOD. THE OVERALL FOOD DEFICIT IN AFRICA MUST BE CORRECTED. THERE ARE MANY WAYS TO DO THIS AND ASSISTANCE MUST BE DIRECTED TOWARDS DEVELOPING A CAPACITY TO PRODUCE FOOD RATHER THAN RELIANCE ON FOODSTUFF IMPORTS FROM ABROAD.

C. DEBT REPAYMENT-PUBLIC DEBTS SHOULD BE RESCHEDULED TO ENSURE THAT EACH NATION HAS A POSITIVE NET INFLOW RATHER THAN A DEFICIT OUTFLOW. (FOR EXAMPLE, IF A NATION RECEIVES \$100 MILLION IN LOANS IN ONE YEAR AND YET MUST PAY OUT \$110 MILLION IN PRINCIPAL AND INTEREST IN THE SAME PERIOD, THERE IS A DEFINITE LOSS, NOT GAIN; AGGREGATE PUBLIC LOANS MUST BE ADJUSTED ACCORDINGLY FOR EACH RECIPIENT COUNTRY.) ARRANGEMENTS SHOULD BE MADE TO TREAT COMMERCIAL DEBTS IN THE SAME WAY ON A PER-COUNTRY BASIS.

D. TERMS OF TRADE-PURCHASING POWER OF DEVELOPING COUNTRY'S EARNINGS FROM EXPORTS MUST BE PROTECTED. INDEXATION IS NOT THE SOLUTION AS IT "IMPOSES A VICIOUS CIRCLE", RIGIDLY LINKING THE EXPORT PRICES OF ALL SUPPLIES IN A COST SPIRAL THAT HURTS EVERYONE.

E. TRANSFER OF TECHNOLOGY-THE FLOW OF TECHNOLOGY FROM IN-

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INDUSTRIALIZED COUNTRIES SHOULD BE FACILITATED AND ACCELERATED. ONE WAY TO DO THIS IS FOREIGN INVESTMENT IN MODERN FACTORIES WHICH PROVIDE NEW PROCESSES, TRAINING AND INCOME TO THE HOST COUNTRY.

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